

THE ESSEX COUNTY IMPROVEMENT AUTHORITY

COUNTY OF ESSEX, NEW JERSEY

SPORTSPLEX FUND

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2000

Steve Corman — 515-0952 - Dpty Dir ECIA

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

THE ESSEX COUNTY IMPROVEMENT AUTHORITY

COUNTY OF ESSEX, NEW JERSEY

SPORTSPLEX FUND

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2000

Prepared By:
Joseph J. Faccone, RMA
For the Firm of:
Samuel Klein and Company
Certified Public Accountants
One Newark Center
Newark, New Jersey 07102

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COUNTY OF ESSEX, NEW JERSEY
SPORTSPLEX FUND
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DECEMBER 31, 2000

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SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Essex County Improvement Authority
County of Essex, New Jersey

We have audited the accompanying financial statements of the Sportsplex Fund of the Essex County Improvement Authority, County of Essex, State of New Jersey (the "Authority"), as of and for the year ended December 31, 2000, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


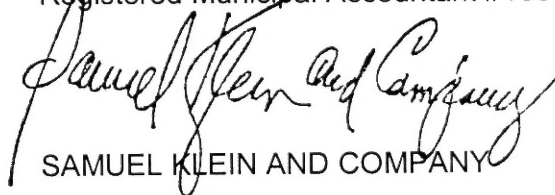
As discussed in Note 1, the financial statements present only the Sportsplex Fund and are not intended to present fairly the financial position of the Authority, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds in conformity with generally accepted accounting principles.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Sportsplex Fund of the Authority, as of December 31, 2000, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2001, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Sportsplex Fund of the Essex County Improvement Authority, taken as a whole. The information included in the supplementary schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.


Joseph J. Faccone
Registered Municipal Accountant #100

SAMUEL KLEIN AND COMPANY

Newark, New Jersey
April 19, 2001

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Essex County Improvement Authority
County of Essex, New Jersey

We have audited the financial statements of the Sportsplex Fund of the Essex County Improvement Authority, County of Essex, State of New Jersey (the "Authority"), as of and for the year ended December 31, 2000, and have issued our report thereon dated April 19, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As discussed in Note 1, the financial statements present only the Sportsplex Fund and are not intended to present fairly the financial position of the Authority, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds in conformity with generally accepted accounting principles.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

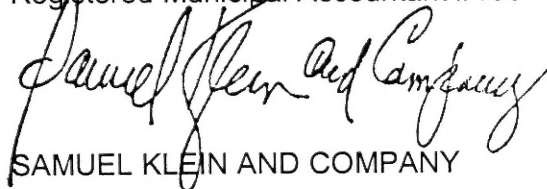
**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee; management and members of the Authority's Board; the City of Newark; and the County of Essex and is not intended to be and should not be used by anyone other than these specified parties.


Joseph J. Faccone
Registered Municipal Accountant #100


SAMUEL KLEIN AND COMPANY

Newark, New Jersey
April 19, 2001

FINANCIAL STATEMENTS

ESSEX COUNTY IMPROVEMENT AUTHORITY
COUNTY OF ESSEX, NEW JERSEY
BALANCE SHEET
SPORTSPLEX FUND
DECEMBER 31, 2000

December 31,
2000

ASSETS

Unrestricted Assets:

Cash and Cash Equivalents	\$	575,250
Accounts Receivable		4,552
Intrafund Accounts Receivable		<u>266</u>

Total Unrestricted Assets	\$	<u>580,068</u>
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Total Assets	\$	<u><u>580,068</u></u>
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LIABILITIES AND FUND EQUITY

Current Liabilities:

Accrued Expenses and Other Liabilities	\$	39,195
Due to County of Essex		199,232
Due to City of Newark		199,232
Deferred Revenue		16,500
Intrafund Accounts Payable		<u>125,909</u>

Total Current Liabilities	\$	<u>580,068</u>
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Fund Equity:

Unreserved Retained Earnings	\$	<u>None</u>
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Total Fund Equity	\$	<u>None</u>
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Total Liabilities and Fund Equity	\$	<u><u>580,068</u></u>
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See Notes to Financial Statements.

*Net Sales
 Incrased 2001*

ESSEX COUNTY IMPROVEMENT AUTHORITY
COUNTY OF ESSEX, NEW JERSEY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
SPORTSPLEX FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

December 31, 2000

Operating Revenues:

Ticket Sales	\$	211,965	
Concessions		102,860	
Sky Boxes		265,163	- 15 of 20 rented

Total Operating Revenues	\$	579,988
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Operating Expenses:

Administration	\$	81,907
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Total Operating Expenses		81,907
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Operating Income	\$	498,081
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Non-Operating Revenues/(Expenses):

ECIA Annual Sportsplex Management Fee	\$	(99,617)
County of Essex Service Agreement		(199,232)
City of Newark Service Agreement		(199,232)

(498,081)

Net Income	\$	None
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Fund Equity, Beginning of Year		None
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Fund Equity, End of Year	\$	None
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See Notes to Financial Statements.

ESSEX COUNTY IMPROVEMENT AUTHORITY
COUNTY OF ESSEX, NEW JERSEY
STATEMENT OF CASH FLOWS
SPORTSPLEX FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	December 31, <u>2000</u>
Cash Flows from Operating Activities:	
Net Income	\$ <u>None</u>
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivables	\$ (4,818)
Increase in Current Liabilities	<u>580,068</u>
Total Adjustments to Net Income	\$ <u>575,250</u>
Net Cash Provided by Operating Activities	\$ <u>575,250</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	\$ 575,250
Cash and Cash Equivalents at Beginning of Year	<u>None</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>575,250</u></u>

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
SPORTSPLEX FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Reporting Entity**

The Essex County Improvement Authority (the "Authority") is a political subdivision of the State of New Jersey. The Authority has the power to acquire, construct, renovate and install any "public facility," to issue its bonds, notes or other obligations to finance the costs of such public facility and to purchase bonds.

The Authority's Sportsplex Fund activities consist of the operation of the Stadium Complex located in the City of Newark, County of Essex. Operations consist of various revenues based upon a lease and/or service agreement between the Newark Bears Professional Baseball Club, Inc. and the Authority dated July 1, 1999 for the Stadium. These financial statements only represent the financial activities of the ECIA Sportsplex Fund.

This report is the initial report issued on the Sportsplex Fund.

B. **Basis of Financial Statements**

The financial statements of the Sportsplex Fund have been prepared in accordance with governmental accounting standards applicable to local government units. The Sportsplex Fund operations are governed by separate Service Agreements between the Authority and the County of Essex and the City of Newark, respectively. The Authority has a lease agreement with the Newark Bears Professional Baseball Club, Inc. (the "Bears") for the lease of the Sportsplex Fund Stadium. The Sportsplex Fund derives all revenues from activities provided for in the Lease Agreement.

C. **Sportsplex Operating Revenues**

All funds collected by the Authority as a result of the operation of the Sportsplex, exclusive of funds paid to the Authority by the County pursuant to the lease agreement used to secure the County Sportsplex Project Bonds, and exclusive of funds paid to the Authority by the City pursuant to the lease agreement used to secure the City Sportsplex Project Bonds, and exclusive of any funds paid pursuant to the City Guaranty or the County Guaranty, and exclusive of any funds paid by the State of New Jersey or any agency, authority or instrumentality thereof for purposes of paying the principal, redemption, premium and/or interest on the Sportsplex Project Bonds.

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
SPORTSPLEX FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2000

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Sportsplex Operating Expenses

For any year the total of all direct costs incurred by the Authority in that year for the purpose of operating the Sportsplex. Such costs shall include the cost of salaries, wages and fringe benefits of all personnel assigned exclusively to the Sportsplex as well as the costs paid or payable to third party vendors for the provision of goods and/or services for use at the Sportsplex. Such costs shall not include the costs of debt service on Sportsplex Project Bonds, nor will they include any costs incurred by the Authority for non-Sportsplex activities or for the general administration of the Authority.

E. Excess Sportsplex Operating Revenue

The amount determined each year by subtracting the amount of Sportsplex Operating Expenses for that year from the amount of Sportsplex Operating Revenues for that year. If the result of the subtraction is a negative number, the Excess Operating Revenue for that year shall be defined as zero.

F. Annual Sportsplex Management Fee

Each year, the Authority shall be entitled to an Annual Sportsplex Management Fee equal to 20% of the Excess Sportsplex Operating Revenue. The calculation of the amount due shall be based on the financial records maintained by the Authority for the Sportsplex Project, and shall be done after completion of the annual audit of those records. The Annual Sportsplex Management Fee shall be payable to the Authority after completion of the audit and written presentation of the calculation to the Sportsplex Project Committee.

G. Net Sportsplex Operating Revenue

For any year, the amount determined by subtracting from the Excess Sportsplex Operating Revenues for that year the amount of Annual Sportsplex Management Fee for that year.

H. Distribution of Net Sportsplex Operating Revenue

Each year, the Net Sportsplex Operating Revenue shall be calculated on the basis of the financial records maintained by the Authority for the Sportsplex Project, after the annual audit of such records has been completed. On November 1 of the year following the year for which the calculation is made, the City and the County shall each be paid an amount equal to 50% of the Net Sportsplex Operating Revenue in accordance with the Service Agreements.

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
SPORTSPLEX FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2000

Note 2. SUMMARY OF SPORTSPLEX LEASE AND MANAGEMENT AGREEMENT - STADIUM RELATED REVENUE

Distribution of Revenues

Revenues derived from the use of the Stadium Premises shall be divided between the parties as summarized below and as stipulated in the Lease Agreement with the Newark Bears Professional Baseball Club, Inc. Any moneys paid by the Bears to the Authority shall constitute Annual Rent and shall be paid as consideration for the Authority's agreement to lease the Stadium Premises to the Bears.

A. Ticket Sales

- (i) Bears Home Games and Category I Special Events. The Bears shall be entitled to receive and retain all revenues derived from the sale of tickets to the Bears' Home Games and Category I Special Events. However, the Bears shall be obligated to pay to the Authority an amount equal to \$1.00 per ticket for all tickets sold to all Bears' Home Games and Category I Special Events.

"Category I Special Events" means those events (other than Bears Home Games) that are scheduled and/or promoted by the Bears (including Community Events) and for which the Bears (a) is entitled to receive and/or retain all Gross Revenues, (b) obligated to pay all costs and expenses, and (c) obligated to pay to the Authority only that portion of revenues derived from the sale of tickets, as provided in the Lease Agreement.

- (ii) Category II Special Events. The Authority shall be entitled to receive all revenues derived from the sale of tickets to Category II Special Events as defined in the Lease Agreement.

B. Skybox Revenues

Revenue derived from the sale, lease or other contractual arrangement relating to Skyboxes shall be divided between the Parties as follows: 75% of such revenues shall be paid to (or retained by) the Authority and 25% of such revenues shall be paid to the Bears by the Authority.

C. Food and Beverage Concessions

- (i) Bears Home Games and Category I Special Events. Revenue derived from the provision of Food and Beverage Concessions at Bears Home Games and Category I Special Events (to the extent provided by the Bears, directly or through an agreement with a sub-concessionaire) shall be divided between the Parties as follows: 75% of such revenues shall be paid to (or retained by) the Bears and 25% of such revenues shall be paid to the Authority.

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
SPORTSPLEX FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2000

Note 2. SUMMARY OF SPORTSPLEX LEASE AND MANAGEMENT AGREEMENT - STADIUM RELATED REVENUE (CONTINUED)

Distribution of Revenues (Continued)

C. Food and Beverage Concessions (Continued)

- (ii) Category II Special Events. All revenues derived from the provision of Food and Beverage Concessions sold at Category II Special Events shall be paid to the Authority.

D. Novelties and Souvenir Sales

The Bears shall be entitled to receive and retain all revenues derived from the sale of Novelties and Souvenirs sold at Bears Home Games and Category I Special Events, whether sold in the Stadium Souvenir Store or otherwise.

The Authority shall be entitled to receive and retain all revenues derived from the sale of Novelties and Souvenirs sold at Category II Special Events (except to the extent sold in the Stadium Souvenir Store).

E. Advertising

The Bears shall be entitled to receive and retain all revenues derived from the sale of advertising.

F. Distribution of Revenues

Revenues received by the Authority and/or the Bears that are to be distributed to the other Party, provided and required by the terms of the Lease Agreement, shall be distributed on a monthly basis, within fifteen (15) days of the end of each calendar month; provided however, that the foregoing provisions shall not be applicable to the payment to the Authority for or with respect to revenues derived from the sale of Season Tickets and payable pursuant to the Lease Agreement. Rather, the first such payment shall be due on or prior to March 1st of each year and thereafter shall be made pursuant to the provisions of the Lease Agreement.

Note 3. CAPITAL EXPENDITURES

The Sportsplex Fund of the Authority incurred Capital related expenditures through December 31, 2000 in the amount of \$755,881.00. The Sportsplex Fund records an annual expense of \$26,292 under the heading "Construction Services" for the remaining life of the outstanding bonds, which ends October 1, 2029.

SUPPLEMENTARY INFORMATION

ESSEX COUNTY IMPROVEMENT AUTHORITY
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF OPERATING REVENUES, EXPENSES AND INCOME
SPORTSPLEX FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

Schedule 1

Revenues:

	<u>Tickets</u>	<u>Games</u>	<u>Revenue</u>
Season Tickets:			
Full Season	732	76	\$ 55,632
Plan A - Half Season	122	38	4,636
Plan B - Half Season	263	38	9,994
Weekend Plan	40	38	1,520
Purple Plan	186	15	2,790
Gold Plan	90	15	1,350
Voucher Books and Gate Tickets			<u>114,005</u>
Total Baseball Ticket Revenue			\$ 189,927
Special Events Ticket Revenue			<u>22,038</u>
Total Ticket Sale Revenue			\$ <u>211,965</u>
Concession Revenue:			
Concession Sales			\$ 88,658
Special Catering			<u>14,202</u>
Total Concession Revenue			\$ <u>102,860</u>
Skybox Revenue:			
Full Season Lease Agreements			\$ 264,000
Daily Rentals			<u>1,163</u>
Total Skybox Revenue			\$ <u>265,163</u>
Total Operating Revenues			\$ <u><u>579,988</u></u>

Expenses:

Postage	\$ 21
Insurance	17,320
Facility Maintenance and Repairs	5,790
Other Utilities	1,755
Accounting and Auditing Services	24,750
Legal Services	2,257
Other Professional and Consulting Services	3,722
Construction Services	<u>26,292</u>
Total Operating Expenses	\$ <u><u>81,907</u></u>
Excess Sportsplex Operating Revenue	\$ <u><u>498,081</u></u>

ESSEX COUNTY IMPROVEMENT AUTHORITY
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF ANNUAL ECIA SPORTSPLEX MANAGEMENT FEE
SPORTSPLEX FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

Total Excess Sportsplex Operating Revenue	\$	498,081
Factor per Service Agreement (20%)	x	<u>0.20</u>
ECIA Annual Sportsplex Management Fee	\$	<u><u>99,617</u></u>

ESSEX COUNTY IMPROVEMENT AUTHORITY
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF DISTRIBUTION OF NET SPORTSPLEX REVENUE
SPORTSPLEX FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

Total Excess Sportsplex Operating Revenue	\$	498,081	
Less: ECIA Annual Sportsplex Management Fee		<u>99,617</u>	
Net Sportsplex Operating Revenue			\$ <u><u>398,464</u></u>
Due to County of Essex:			
Net Sportsplex Operating Revenue	\$	398,464	
Factor per Service Agreement (50%)	x	<u>0.50</u>	
Total Due to County of Essex per Service Agreement			\$ <u><u>199,232</u></u>
Due to City of Newark:			
Net Sportsplex Operating Revenue	\$	398,464	
Factor per Service Agreement (50%)	x	<u>0.50</u>	
Total Due to City of Newark per Service Agreement			\$ <u><u>199,232</u></u>

ROSTER OF OFFICIALS

THE ESSEX COUNTY IMPROVEMENT AUTHORITY

SPORTSPLEX FUND

ROSTER OF OFFICIALS

DECEMBER 31, 2000

ESSEX COUNTY IMPROVEMENT AUTHORITY

NAME	TITLE
Robert H. Gardner, Esq.	Chairman
Tony L. George.....	Vice-Chairman
Anthony J. Iacullo, Esq.	Assistant Secretary
Dorcas K. O'Neal	Treasurer
Cynthia D. Santomauro, Esq.....	Secretary
Lisa Gomez-Rivera	Executive Director
Rosemarie DaSilva	General Counsel

SPORTSPLEX PROJECT COMMITTEE

NAME	TITLE
James W. Treffinger.....	County Executive
Joseph N. DiVincenzo, Jr.....	President of the Board of Freeholders
Sharpe James.....	Mayor of the City of Newark
Donald Bradley	President of the Newark City Council
Lisa Gomez-Rivera	Executive Director of the Essex County Improvement Authority